

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

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Date of Report (Date of earliest event reported) May 31, 2000

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina                      0-12781                      56-1001967  
(State or other jurisdiction of (Commission File No.)      (IRS Employer  
incorporation)                      Identification No.)

101 South Main Street  
High Point, North Carolina 27260  
(Address of principal executive offices)  
(336) 889-5161  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Item 5. Other Events

See attached Press Release (3 pages) and Financial Information Release (10 pages), both dated May 31, 2000, related to the fiscal 2000 fourth quarter and year ended April 30, 2000.

Forward Looking Information. This Report contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the Company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the Company adversely. Because of the significant percentage of the Company's sales derived from international shipments, strengthening of the U. S. dollar against other currencies could make the Company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the Company's products.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CULP, INC.  
(Registrant)

By: Phillip W. Wilson  
Vice President and  
Chief Financial Officer

Dated: May 31, 2000

CULP REPORTS SHARPLY HIGHER FISCAL 2000 EARNINGS

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GAINS HIGHLIGHT IMPROVED PROFITABILITY

HIGH POINT, N. C. (May 31, 2000) - Culp, Inc. (NYSE: CFI) today reported increased sales and net income per share for the fiscal year ended April 30, 2000.

Net sales for the 2000 fiscal year totaled \$488.1 million, up from \$483.1 million in fiscal 1999. The company reported net income for the year of \$9.4 million, or \$0.80 per share diluted, compared with net income of \$3.1 million, or \$0.24 per share diluted, in fiscal 1999.

Net sales for the fourth quarter totaled \$129.4 million compared with \$132.2 million a year ago. The company reported net income for the quarter of \$3.2 million, or \$0.28 per share diluted, compared with \$2.9 million, or \$0.23 per share diluted, in the year-earlier period.

"Our results for the year as a whole signaled a gratifying increase in Culp's profitability and highlight the underlying strength of our organization," said Robert G. Culp, III, chief executive officer. "We had stated that our primary goal for fiscal 2000 was to achieve continued improvement in Culp's performance. We achieved meaningful progress toward that objective and now must sustain the momentum by capitalizing even more effectively on our assets. This was the first full year in which the realignment of our operating units was in place, and we are very encouraged by the higher efficiency and improved customer service that is resulting from this new structure. We are continuing to emphasize the importance of building strong working relationships with existing customers because of the ongoing consolidation that is occurring in the home furnishings industry. We are also pursuing opportunities to broaden our sales base further in the United States and internationally.

"We believe that Culp's breadth of offerings and the extent of our manufacturing resources equip us well to gain additional market share. As the home furnishings industry continues to change to meet consumers' demands, a major challenge is how to maintain a broad selection of competitive fabrics and yet meet much shorter lead times. As a fully integrated marketer, Culp has the ability to include customers actively in all aspects of the manufacturing process, starting with the vital design stage. This involvement encourages a close partnership that enhances our functional support of a customer's marketing campaigns and helps us identify important styling trends. One of the hallmarks of our progress during fiscal 2000 was the increasingly positive response of the marketplace to Culp's designs. We ended the year on an especially strong note with outstanding showroom placements of our fabrics at the major High Point spring market. We are encouraged by that endorsement of Culp's design team and indeed believe that our personnel and manufacturing resources are very well aligned to market appealing fabrics and mattress ticking that add true value to our customers' products."

Commenting on the company's ongoing stock repurchase program, Culp noted, "Over the past two years, we have invested \$12.2 million to repurchase the company's common stock. The immediate impact of these transactions is reflected in the higher earnings per share for 2000. The effect of the lower number of shares outstanding will continue in future periods, and the company plans to consider additional repurchases based on market conditions and our analysis of investment alternatives. We currently have authorization from the Board of Directors to invest an additional \$7.8 million in this program. Culp's sound financial position is enabling us to execute this program while making the investments necessary to modernize and expand our capacity.

"Regarding our prospects for fiscal 2001, the trend toward higher interest rates poses an obvious concern; but one of the strengths of the home furnishings industry is the historical resiliency of demand to short-term changes in the level of new residential construction. Other economic factors that traditionally influence purchases of furniture and bedding, such as employment levels and consumer confidence, appear favorable at this time."

Culp, Inc. is one of the world's largest marketers of upholstery fabrics for furniture and is a leading marketer of mattress ticking for bedding. The Company's fabrics are used principally in the production of residential and commercial furniture and bedding products.

CULP, INC.  
Condensed Financial Highlights

Three Months Ended			
		----- April 30, 2000	----- May 2, 1999
Net sales	\$	129,419,000	\$ 132,165,000
Net income	\$	3,191,000	\$ 2,896,000
Net income per share:			
Basic	\$	0.28	\$ 0.23
Diluted	\$	0.28	\$ 0.23
Average shares outstanding:			
Basic		11,213,000	12,645,000
Diluted		11,298,000	12,742,000

Fiscal Year Ended			
		----- April 30, 2000	----- May 2, 1999
Net sales	\$	488,079,000	\$ 483,084,000
Net income	\$	9,380,000	\$ 3,102,000
Net income per share:			
Basic	\$	0.81	\$ 0.24
Diluted	\$	0.80	\$ 0.24
Average shares outstanding:			
Basic		11,580,000	12,909,000
Diluted		11,681,000	13,064,000

This release contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. Because of the significant percentage of the company's sales derived from international shipments, strengthening of the U.S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the company's products.

- END -

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED APRIL 30, 2000 AND MAY 2, 1999

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
Net sales	\$ 129,419	132,165	(2.1)%	100.0 %	100.0 %
Cost of sales	107,342	109,324	(1.8)%	82.9 %	82.7 %
Gross profit	22,077	22,841	(3.3)%	17.1 %	17.3 %
Selling, general and administrative expenses	14,913	15,921	(6.3)%	11.5 %	12.0 %
Income from operations	7,164	6,920	3.5 %	5.5 %	5.2 %
Interest expense	2,255	2,482	(9.1)%	1.7 %	1.9 %
Interest income	(10)	(113)	(91.2)%	(0.0)%	(0.1)%
Other expense (income), net	366	546	(33.0)%	0.3 %	0.4 %
Income before income taxes	4,553	4,005	13.7 %	3.5 %	3.0 %
Income taxes *	1,362	1,109	22.8 %	29.9 %	27.7 %
Net income	\$ 3,191	2,896	10.2 %	2.5 %	2.2 %
Net income per share	\$0.28	\$0.23	21.7 %		
Net income per share, assuming dilution	\$0.28	\$0.23	21.7 %		
Dividends per share	\$0.035	\$0.035	0.0 %		
Average shares outstanding	11,213	12,645	(11.3)%		
Average shares outstanding, assuming dilution	11,298	12,742	(11.3)%		

	TWELVE MONTHS ENDED				
	Amounts			Percent of Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
Net sales	\$ 488,079	483,084	1.0 %	100.0 %	100.0 %
Cost of sales	403,414	406,976	(0.9)%	82.7 %	84.2 %
Gross profit	84,665	76,108	11.2 %	17.3 %	15.8 %
Selling, general and administrative expenses	59,935	59,968	(0.1)%	12.3 %	12.4 %
Income from operations	24,730	16,140	53.2 %	5.1 %	3.3 %
Interest expense	9,521	9,615	(1.0)%	2.0 %	2.0 %
Interest income	(51)	(195)	(73.8)%	(0.0)%	(0.0)%
Other expense (income), net	1,566	2,412	(35.1)%	0.3 %	0.5 %
Income before income taxes	13,694	4,308	217.9 %	2.8 %	0.9 %
Income taxes *	4,314	1,206	257.7 %	31.5 %	28.0 %
Net income	\$ 9,380	3,102	202.4 %	1.9 %	0.6 %
Net income per share	\$0.81	\$0.24	237.5 %		
Net income per share, assuming dilution	\$0.80	\$0.24	233.3 %		
Dividends per share	\$0.14	\$0.14	0.0 %		
Average shares outstanding	11,580	12,909	(10.3)%		
Average shares outstanding, assuming dilution	11,681	13,064	(10.6)%		

\* Percent of sales column is calculated as a % of income before income taxes.

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED BALANCE SHEETS  
APRIL 30, 2000 AND MAY 2, 1999

(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	April 30, 2000	May 2, 1999	Dollars	Percent
<b>Current assets</b>				
Cash and cash investments	\$ 1,007	509	498	97.8 %
Accounts receivable	75,223	70,503	4,720	6.7 %
Inventories	74,471	67,070	7,401	11.0 %
Other current assets	10,349	9,633	716	7.4 %
Total current assets	161,050	147,715	13,335	9.0 %
<b>Restricted investments</b>				
Restricted investments	0	3,340	(3,340)	(100.0)%
Property, plant & equipment, net	126,407	123,310	3,097	2.5 %
Goodwill	49,873	51,269	(1,396)	(2.7)%
Other assets	5,548	4,978	570	11.5 %
Total assets	\$ 342,878	330,612	12,266	3.7 %
<b>Current liabilities</b>				
Current maturities of long-term debt	\$ 1,678	1,678	0	0.0 %
Accounts payable	37,287	25,687	11,600	45.2 %
Accrued expenses	22,108	21,026	1,082	5.1 %
Total current liabilities	61,073	48,391	12,682	26.2 %
Long-term debt	135,808	140,312	(4,504)	(3.2)%
Deferred income taxes	17,459	14,583	2,876	19.7 %
Total liabilities	214,340	203,286	11,054	5.4 %
Shareholders' equity	128,538	127,326	1,212	1.0 %
Total liabilities and shareholders' equity	\$ 342,878	330,612	12,266	3.7 %
Shares outstanding	11,209	12,079	(870)	(7.2)%

CULP, INC. FINANCIAL  
INFORMATION RELEASE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED APRIL 30, 2000 AND MAY 2, 1999

(Amounts in Thousands)

	TWELVE MONTHS ENDED	
	Amounts	
	April 30, 2000	May 2, 1999
Cash flows from operating activities:		
Net income	\$ 9,380	3,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,462	18,549
Amortization of intangible assets	1,596	1,570
Provision for deferred income taxes	2,176	1,064
Changes in assets and liabilities:		
Accounts receivable	(4,720)	3,133
Inventories	(7,401)	12,124
Other current assets	(16)	522
Other assets	(770)	(106)
Accounts payable	1,029	(8,893)
Accrued expenses	1,082	2,736
Income taxes payable	0	(1,282)
Net cash provided by operating activities	21,818	32,519
Cash flows from investing activities:		
Capital expenditures	(22,559)	(10,689)
Purchases of restricted investments	(40)	(119)
Purchase of investments to fund deferred compensation liability	0	(735)
Sale of restricted investments	3,380	800
Net cash used in investing activities	(19,219)	(10,743)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	9,543	2,637
Principal payments on long-term debt	(14,047)	(16,284)
Change in accounts payable-capital expenditures	10,571	(2,637)
Dividends paid	(1,611)	(1,788)
Payments to acquire common stock	(6,636)	(5,542)
Proceeds from common stock issued	79	35
Net cash used in financing activities	(2,101)	(23,579)
Increase (decrease) in cash and cash investments	498	(1,803)
Cash and cash investments at beginning of period	509	2,312
Cash and cash investments at end of period	\$ 1,007	509

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL ANALYSIS  
APRIL 30, 2000

	FISCAL 99	FISCAL 00				LTM (5)
	Q4	Q1	Q2	Q3	Q4	
<b>INVENTORIES</b>						
Inventory turns	6.4	5.4	5.5	4.8	5.5	
<b>RECEIVABLES</b>						
Days sales in receivables	49	45	49	49	53	
Percent current & less than 30 days past due	96.1%	93.2%	96.7%	97.1%	93.5%	
<b>WORKING CAPITAL</b>						
Current ratio	3.1	3.1	2.4	2.7	2.6	
Working capital turnover (4)	4.3	4.4	4.4	4.5	4.4	
Operating working capital (4)	\$111,886	\$111,222	\$109,556	\$111,315	\$112,407	
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>						
Depreciation rate	8.1%	8.0%	7.8%	8.2%	7.9%	
Percent property, plant & equipment are depreciated	47.6%	49.0%	49.1%	49.4%	49.6%	
Capital expenditures	\$10,689 (1)	\$2,420	\$8,104	\$3,950	\$8,085	
<b>PROFITABILITY</b>						
Return on average total capital	6.8%	4.8%	7.3%	4.9%	7.2%	6.0%
Return on average equity	9.0%	5.0%	10.0%	4.6%	10.0%	7.4%
Net income per share	\$0.23	\$0.13	\$0.27	\$0.13	\$0.28	\$0.81
Net income per share (diluted)	\$0.23	\$0.13	\$0.27	\$0.13	\$0.28	\$0.80
<b>LEVERAGE (3)</b>						
Total liabilities/equity	159.7%	155.9%	170.1%	167.3%	166.8%	
Funded debt/equity	108.9%	106.3%	107.2%	109.5%	107.0%	
Funded debt/capital employed	52.1%	51.5%	51.7%	52.3%	51.7%	
Funded debt	\$138,650	\$136,222	\$134,468	\$137,683	\$137,486	
Funded debt/EBITDA (LTM) (6)	4.02	3.33	3.08	3.15	3.10	
EBITDA/Interest expense, net (LTM)	3.6	4.3	4.6	4.5	4.7	
<b>OTHER</b>						
Book value per share	\$10.54	\$10.64	\$11.08	\$11.21	\$11.47	
Employees at quarter end	3,973	4,050	3,962	3,938	3,825	
Sales per employee (annualized)	\$133,000	\$116,000	\$129,000	\$115,000	\$133,000	
Capital employed (3)	\$265,976	\$264,349	\$259,848	\$263,448	\$266,024	
Effective income tax rate	27.7%	34.0%	34.0%	25.9%	29.9%	
EBITDA (2)	\$11,534	\$9,977	\$12,412	\$9,655	\$12,178	\$44,222
EBITDA/net sales	8.7%	8.6%	9.6%	8.5%	9.4%	9.1%

(1) Expenditures for entire year

(2) Earnings before interest, income taxes, and depreciation & amortization.

(3) Long-term debt, funded debt and capital employed are all net of restricted investments.

(4) Working capital for this calculation is accounts receivable, inventories and accounts payable.

(5) LTM represents "Latest Twelve Months"

(6) EBITDA includes capitalized interest and pro forma amounts for acquisitions.



CULP, INC. FINANCIAL INFORMATION RELEASE  
 SALES BY SEGMENT/DIVISION  
 FOR THE THREE MONTHS AND TWELVE MONTHS ENDED APRIL 30, 2000 AND MAY 2, 1999

(Amounts in thousands)

Segment/Division	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
<hr style="border-top: 1px dashed black;"/>					
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 56,130	60,520	(7.3)%	43.4 %	45.8 %
Culp Velvets/Prints	39,501	40,402	(2.2)%	30.5 %	30.6 %
Culp Yarn	4,809	4,462	7.8 %	3.7 %	3.4 %
	100,440	105,384	(4.7)%	77.6 %	79.7 %
Mattress Ticking					
Culp Home Fashions	28,979	26,781	8.2 %	22.4 %	20.3 %
	* \$ 129,419	132,165	(2.1)%	100.0 %	100.0 %
	129,419	132,165	(2.1)%	100.0 %	100.0 %

Segment/Division	TWELVE MONTHS ENDED				
	Amounts			Percent of Total Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
<hr style="border-top: 1px dashed black;"/>					
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 213,197	222,058	(4.0)%	43.7 %	46.0 %
Culp Velvets/Prints	151,543	144,073	5.2 %	31.0 %	29.8 %
Culp Yarn	17,570	21,513	(18.3)%	3.6 %	4.5 %
	382,310	387,644	(1.4)%	78.3 %	80.2 %
Mattress Ticking					
Culp Home Fashions	105,769	95,440	10.8 %	21.7 %	19.8 %
	* \$ 488,079	483,084	1.0 %	100.0 %	100.0 %
	488,079	483,084	1.0 %	100.0 %	100.0 %

\* U.S. sales were \$101,276 and \$102,796 for the fourth quarter of fiscal 2000 and fiscal 1999, respectively; and \$376,975 and \$369,730 for the twelve months of fiscal 2000 and fiscal 1999, respectively. The percentage change in U.S. sales was a decrease of 1.5% for the fourth quarter and an increase of 2.0% for the twelve months.

CULP, INC. FINANCIAL INFORMATION RELEASE  
INTERNATIONAL SALES BY GEOGRAPHIC AREA  
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED APRIL 30, 2000 AND MAY 2, 1999

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)					
Geographic Area	Amounts			Percent of Total Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
North America (Excluding USA) \$	9,968	8,067	23.6 %	35.4 %	27.5 %
Europe	2,655	4,791	(44.6)%	9.4 %	16.3 %
Middle East	8,837	8,925	(1.0)%	31.4 %	30.4 %
Far East & Asia	5,014	6,075	(17.5)%	17.8 %	20.7 %
South America	570	691	(17.5)%	2.0 %	2.4 %
All other areas	1,099	820	34.0 %	3.9 %	2.8 %
\$	28,143	29,369	(4.2)%	100.0 %	100.0 %

TWELVE MONTHS ENDED					
Geographic Area	Amounts			Percent of Total Sales	
	April 30, 2000	May 2, 1999	% Over (Under)	2000	1999
North America (Excluding USA) \$	36,032	31,102	15.9 %	32.4 %	27.4 %
Europe	16,351	19,578	(16.5)%	14.7 %	17.3 %
Middle East	32,929	33,996	(3.1)%	29.6 %	30.0 %
Far East & Asia	19,102	21,371	(10.6)%	17.2 %	18.9 %
South America	2,343	3,484	(32.7)%	2.1 %	3.1 %
All other areas	4,347	3,823	13.7 %	3.9 %	3.4 %
\$	111,104	113,354	(2.0) %	100.0 %	100.0 %

International sales, and the percentage of total sales, for each of the last five fiscal years follows: fiscal 1996-\$77,397 (22%); fiscal 1997-\$101,571 (25%); fiscal 1998-\$137,223 (29%); fiscal 1999-\$113,354 (23%); and fiscal 2000-\$111,104 (23%). International sales for the fourth quarter represented 21.7% and 22.2% for 2000 and 1999, respectively.

Culp, Inc.  
SALES BY SEGMENT/DIVISION - TREND ANALYSIS  
1998 vs 1999 vs 2000

(Amounts in thousands)

Segment/Division	Fiscal 1998					Fiscal 1999				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics										
Culp Decorative Fabrics	39,814	56,781	53,415	60,155	210,165	51,445	59,573	50,520	60,520	222,058
Culp Velvets/Prints	38,397	43,928	44,020	45,044	171,389	29,994	38,728	34,949	40,402	144,073
Culp Yarn	-	-	761	7,115	7,876	6,596	6,367	4,088	4,462	21,513
	78,211	100,709	98,196	112,314	389,430	88,035	104,668	89,557	105,384	387,644
Mattress Ticking										
Culp Home Fashions	21,287	22,217	20,261	23,520	87,285	22,632	23,491	22,536	26,781	95,440
	99,498	122,926	118,457	135,834	476,715	110,667	128,159	112,093	132,165	483,084

Percent increase(decrease) from prior year:

Segment/Division										
Upholstery Fabrics										
Culp Decorative Fabrics	2.2	24.2	35.8	37.7	25.3	29.2	4.9	(5.4)	0.6	5.7
Culp Velvets/Prints	10.1	9.2	9.0	9.9	9.5	(21.9)	(11.8)	(20.6)	(10.3)	(15.9)
Culp Yarn	-	-	100.0	100.0	100.0	100.0	100.0	437.2	(37.3)	173.1
	5.9	17.2	23.2	32.6	20.1	12.6	3.9	(8.8)	(6.2)	(0.5)
Mattress Ticking										
Culp Home Fashions	27.5	15.4	14.2	12.0	16.9	6.3	5.7	11.2	13.9	9.3
	9.9	16.8	21.5	28.5	19.5	11.2	4.3	(5.4)	(2.7)	1.3
Overall Growth Rate										
Internal (without acquisitions)	9.9	6.6	9.2	11.6	9.3	(4.6)	(0.9)	(8.5)	(2.7)	(4.1)
External	-	10.2	12.3	16.9	10.2	15.8	5.2	3.1	-	5.4
	9.9	16.8	21.5	28.5	19.5	11.2	4.3	(5.4)	(2.7)	1.3

Culp, Inc.  
 SALES BY SEGMENT/DIVISION - TREND ANALYSIS  
 1998 vs 1999 vs 2000

(Amounts in thousands)

Segment/Division	Fiscal 2000				
	Q1	Q2	Q3	Q4	TOTAL
-----					
Upholstery Fabrics					
Culp Decorative Fabrics	50,516	56,897	49,654	56,130	213,197
Culp Velvets/Prints	36,209	41,783	34,050	39,501	151,543
Culp Yarn	4,129	4,358	4,274	4,809	17,570
	-----	-----	-----	-----	-----
	90,854	103,038	87,978	100,440	382,310
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Mattress Ticking					
Culp Home Fashions	25,083	26,504	25,203	28,979	105,769
	-----	-----	-----	-----	-----
	115,937	129,542	113,181	129,419	488,079
	=====	=====	=====	=====	=====

Percent increase(decrease) from prior year:

Segment/Division					
-----					
Upholstery Fabrics					
Culp Decorative Fabrics	(1.8)	(4.5)	(1.7)	(7.3)	(4.0)
Culp Velvets/Prints	20.7	7.9	(2.6)	(2.2)	5.2
Culp Yarn	(37.4)	(31.6)	4.5	7.8	(18.3)
	-----	-----	-----	-----	-----
	3.2	(1.6)	(1.8)	(4.7)	(1.4)
-----					
Mattress Ticking					
Culp Home Fashions	10.8	12.8	11.8	8.2	10.8
	-----	-----	-----	-----	-----
	4.8	1.1	1.0	(2.1)	1.0
	=====	=====	=====	=====	=====

Overall Growth Rate					
Internal (without acquisitions)	4.8	1.1	1.0	(2.1)	1.0
External	-	-	-	-	-
	-----	-----	-----	-----	-----
	4.8	1.1	1.0	(2.1)	1.0
	=====	=====	=====	=====	=====

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL NARRATIVE

for the three and twelve month periods ended April 30, 2000 and May 2, 1999

INCOME STATEMENT COMMENTS

GENERAL - For the fourth quarter, net sales decreased 2.1% to \$129.4 million; and net income rose 10.2% to \$3.2 million, or \$0.28 per share diluted (based on 11,298,000 average shares outstanding during the period), versus \$2.9 million, or \$0.23 per share diluted (based on 12,742,000 average shares outstanding during the period), a year ago. For the year ended April 30, 2000, net sales increased 1.0% to \$488.1 million; and net income increased 202.4% to \$9.4 million, or \$0.80 per share diluted (based on 11,681,000 average shares outstanding during the period), compared with net income of \$3.1 million, or \$0.24 per share diluted (based on 13,064,000 average shares outstanding during the period), in the year-earlier period.

The company's strategic plan encompasses several competitive initiatives:

Broad Product Offering - continuing to market one of the broadest product lines in upholstery fabrics and mattress ticking. Through its extensive manufacturing capabilities, the company competes in every major category except leather;

Diverse Global Customer Base - maintaining a diverse, global customer base. The company has long-standing relationships with most major upholstery furniture manufacturers, but is not reliant on a single customer or a small group of dominant customers. No one customer accounted for more than 9% of net sales during fiscal 2000. Ownership of the resources in the home furnishings industry is becoming increasingly concentrated, and the company is seeking to increase its business further with existing customers. Culp is also pursuing opportunities in other end-use markets in addition to U.S. residential furniture, such as bedding, international, commercial furniture and juvenile furniture;

Design Innovation - continuing to invest in personnel and other resources for the design of upholstery fabrics and ticking with appealing patterns and textures. An integral component of the value Culp provides to customers is supplying fabrics that are fashionable and match current consumer preferences. The company's principal design resources are consolidated in a single facility that has advanced CAD systems and promotes a sharing of innovative designs among the divisions;

Vertical Integration - operating as a vertically integrated manufacturer and taking advantage of economies that can be gained by producing the raw material components that are used in the manufacture of its products; and

Additional Acquisitions - investing in selective acquisitions complementary to existing segments.

NET SALES - Compared with the fourth quarter of last year, upholstery fabric sales decreased 4.7% to \$100.4 million and mattress ticking sales increased 8.2% to \$29.0 million (See Sales by Segment/Division schedule on Page 5 and Sales by Segment/Division - Trend Analysis on Page 7). International sales were down 4.2% and 2.0% for the quarter and year, respectively. For the year ended April 30, 2000, upholstery fabric sales decreased 1.4% to \$382.3 million and mattress ticking sales increased 10.8% to \$105.8 million.

Fiscal 2000 was the first full year in which the company operated with its current structure of four divisions. This corporate organization, which evolved from one in which there were six business units, groups related operations together; and its adoption in fiscal 1999 was accompanied by several changes in managerial positions. The company believes that this new structure is yielding a number of benefits including improved customer service, more effective use of design resources and increased manufacturing efficiency. Culp believes that these factors aided its sales to U.S.-based accounts for fiscal 2000, which rose 2.0% for the year. This growth was offset by a decline of 2.0% in international sales. After several years of above-average growth, Culp's international sales declined 17.4% in fiscal 1999, following an industry-wide trend. The company took steps to mitigate the impact of this trend by significantly

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curtailing production schedules for certain international-targeted fabrics, introducing a new line of printed cotton upholstery fabrics, and shifting its marketing focus to geographic areas where demand appeared more favorable. The company believes that the significantly smaller decline in international sales for fiscal 2000 reflects the results of these actions. The company has a diversified global base of customers and is seeking to broaden that further to minimize exposure to economic uncertainties in any geographic area.

The company continued to benefit in fiscal 2000 from increased sales by Culp Home Fashions (primarily mattress ticking) which has experienced a long-term pattern of expansion. Culp's growth in mattress ticking continues to be driven by the introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration. In particular, the ability to manufacture the jacquard greige (or unfinished) goods that are then printed to produce mattress ticking has aided Culp in meeting faster delivery schedules and providing improved overall customer service.

**GROSS PROFIT** - Gross profit declined 3.3% for the fourth quarter versus a year ago and decreased as a percentage of net sales from 17.3% to 17.1%. The decline was due principally to lower sales volume at the Culp Decorative Fabrics division, which experienced a decrease in sales of 7.3% for the quarter (and a 4.0% decrease for the year). Although this division has taken steps (including the ongoing consolidation of the Phillips weaving plant in Monroe, NC into the Pageland, SC facility) to reduce operating expenses, it was affected by excess manufacturing capacity and lower absorption of fixed costs during the fourth quarter.

Gross profit for fiscal 2000 increased 11.2% to \$84.7 million and increased as a percentage of net sales from 15.8% to 17.3% due to the reorganization noted in the second paragraph of the "Net Sales" section above and an intense effort to reduce operating expenses and raise productivity.

**SG&A EXPENSES** - SG&A expenses for the fourth quarter decreased as a percentage of sales from 12.0% to 11.5%. The decrease is related to lower marketing costs due primarily to 1999 including severance costs related to termination of an international sales agent.

SG&A expenses for fiscal 2000 decreased 0.1% and accounted for 12.3% of sales versus 12.4% in the prior year. The company has increased its resources for the design of new fabrics and for enhanced information systems.

**INTEREST EXPENSE** - Interest expense of \$9.5 million for fiscal 2000 was down from \$9.6 million in the prior year. Although the company generally had lower average borrowings during fiscal 2000, the reduced debt was offset by lower capitalized interest related to capital expenditures and higher average interest rates.

**OTHER EXPENSE (INCOME), NET** - Other expense (income) for fiscal 2000 totaled \$1.6 million compared with \$2.4 million in the prior year. The decrease is principally due to higher investment income on assets related to the company's nonqualified deferred compensation plan.

**INCOME TAXES** - The effective tax rate for fiscal 2000 was 31.5% compared with 28.0% in the prior year.

**EBITDA** - Due principally to the increase in net income, EBITDA for fiscal 2000 increased 31% to \$44.2 million from \$33.8 million in the prior year.

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BALANCE SHEET COMMENTS

WORKING CAPITAL - Accounts receivable as of April 30, 2000 increased 6.7% from the year-earlier level, due principally to changes in the mix of accounts receivable between U.S.-based and international customers. The company believes that these changes are not due to any general trend toward slower receivable collections. Days sales outstanding increased to 53 days at April 30, 2000 compared with 49 at the end of fiscal 1999. The aging of accounts receivable was 93.5% current and less than 30 days past due versus 96.1% at the end of fiscal 1999. Inventories at the close of fiscal 2000 increased \$7.4 million or 11.0% from a year ago, principally due to the decision to increase the company's ability to respond quickly to customers' orders. Inventory turns for the fourth quarter of fiscal 2000 were 5.5 versus 6.4 for the year-earlier period. Operating working capital (comprised of accounts receivable, inventory and accounts payable) was \$112.4 million at April 30, 2000, up from \$111.9 million a year ago.

PROPERTY, PLANT AND EQUIPMENT - During fiscal 2000 the company's capital spending increased to \$22.6 million compared with \$10.7 million in the prior year. The level of capital spending in fiscal 1999 was significantly less than in the past several years because of a focus on improving the return on existing assets. Culp is committed to investing sufficient funds to modernize and expand its manufacturing resources and information systems. The company is budgeting total capital spending for fiscal 2001 of approximately \$16 million. Depreciation expense for fiscal 2000 increased to \$19.5 million versus \$18.5 million for fiscal 1999. Depreciation for fiscal 2001 is currently estimated to be \$20.5 million.

LONG-TERM DEBT - The company's funded debt-to-capital ratio was 51.7% at April 30, 2000 compared with 52.1% at the close of fiscal 1999. Funded debt was \$137.5 million at April 30, 2000 compared with \$138.7 million at the close of fiscal 1999. Funded debt equals long-term debt, including current maturities, less restricted investments, which represent unspent IRB funds. The decrease in funded debt from a year ago resulted primarily from an operating cash flow of \$21.8 million and an increase in accounts payable related to capital expenditures of \$10.6 million, offset by capital expenditures of \$22.6 million, repurchases of common stock of \$6.6 million and dividends paid of \$1.6 million.

STOCK REPURCHASE

In separate authorizations in June 1998, March 1999, September 1999 and December 1999, the Board of Directors authorized the use of a total of \$20.0 million to repurchase the company's common stock. Over the past two fiscal years, the company has invested \$12.2 million to repurchase a total of 1.8 million shares. This includes the repurchase during fiscal 2000 of 884,264 shares at an average price of \$7.50 per share under these authorizations.